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Support for Duarte Deteriorates Despite Reforms, U.S. Backing

By James L. Moyne
New York Times Service

SAN SALVADOR — José Napoleon Duarte was landed at a major political demonstration recently as thousands of government workers, peasants from state-run cooperatives, and others dependent on government patronage were trucked into San Salvador for a show of his ruling Christian Democratic Party's political machine at work.

But even the demonstration of strength held hints of weakness. "When the government feels it must mount demonstrations in the streets, it is acting like an opposition party," a European diplomat said. "Duarte's position is deteriorating."

By consensus, Mr. Duarte has proved a weak national leader who has fallen to his lowest point, in terms of public confidence, and backing from the army, in almost three years in office.

With continued support from the United States and the army, Mr. Duarte is unlikely to fall from power. But few observers say they believe he has the capacity to start effective programs before his term of office runs out in 1989.

Even his harshest critics credit

Mr. Duarte with gains in human rights, maintaining an elected government in the face of calls for a military takeover and taking politically difficult steps in an effort to stabilize the economy, including devaluing the currency last year. His critics also concede that any

Nicaragua was invited to join regional peace talks. Page 5.

Salvadoran political leader would be hard pressed to meet the challenge of the Marxist-led insurgency, and the economic and social costs of the seven-year civil war that has taken 62,000 lives.

But the conclusion that the government is struggling is held by several members of Mr. Duarte's own party, as well as by many Salvadorans who say that the government has failed to keep its promise to better their lives.

El Salvador has been held up by State Department officials as the best alternative to the revolutionary example offered by neighboring Nicaragua. But the persistence of El Salvador's problems raises the eternal question in Latin America of whether social change is possible without a revolution.

The country's continuing crisis,

after the expenditure of more than \$2.5 billion of U.S. aid and seven years of intense U.S. attention, also raises fundamental questions about the direction of American policy. The United States now provides most of the national budget.

According to several political analysts and members of his party, Mr. Duarte is well aware of the depth of his own and his country's problems. Friends say he has become withdrawn, surrounded himself with political cronies.

Mr. Duarte's aides said he was too busy to be interviewed.

At the April 22 Community, a typical urban slum of war refugees on the outskirts of San Salvador, only three men said they had jobs out of a group of 10 who gathered to talk to a reporter. Their children played amid piles of garbage and open sewers, while the state-owned bulldozer provided after the devastating earthquake that killed 1,500 people in October stood idle with a broken blade.

"In our country they talk of democracy, but the poor don't live on words," said José Angeles Argueta, an unemployed former policeman.

A neighbor, Vilma Reyes, 45, said that the people would not back

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The Associated Press

Eberhard von Brauchitsch, top, a former executive of the Flick group, on his way to court Monday in Bonn. Hans Friderichs, left, under his umbrella before the verdict, and Otto Lammendorff, above, after the judgment. Both men had served as minister of economics.

Lambsdorff, 2 Others Found Guilty Of Evading Taxes on Party Donations

By James M. Markham
New York Times Service

BONN — Two former West German economics ministers and the former deputy chairman of the Flick holding company were convicted Monday of income tax evasion but were cleared of greater charges of corruption.

Mr. Cruz said Monday that he might reconsider his recent decision to resign in light of Mr. Calero's departure and proposed changes now being discussed by rebel leaders.

Mr. Cruz is a moderate whose presence is considered crucial for U.S. congressional support. He and Mr. Robelo have demanded that the alliance be brought under greater civilian control.

There was no immediate comment from Mr. Robelo. However, he had said Sunday that for Mr. Calero to retain leadership of his Honduran-based rebel faction was "totally unacceptable."

Mr. Calero's CIA-trained force operates under the command of several former officers of the disbanded Nicaraguan National Guard.

Mr. Cruz and Mr. Robelo have long distrusted the military leadership of Mr. Calero's group because of this and other links to the regime of the dictator Anastasio Somoza, who was overthrown in 1979 in a revolution led by the Sandinists.

The alliance took its current form in a reorganization last May, largely as a means to attract support in Congress for a military aid package of \$100 million.

was fined 180,000 Deutsch marks (\$100,000) for evading taxes of 1.5 million DM on party donations — a punishment that will permit him to seek a ministerial position again.

His predecessor in the economics ministry job, Hans Friderichs, was fined 61,500 DM for evading taxes of 1.6 million DM on party donations while Eberhard von Brauchitsch, the former Flick executive, was fined 550,000 DM and given a two-year suspended jail sentence for having avoided 18 million DM in taxes.

The verdicts, at the end of an 18-

month trial in Bonn, virtually concluded a political payoff scandal that had preoccupied the Kohl government during much of its first four-year mandate.

Announcing his decision, Hans-Heinrich Buchholz, the chief judge, said that almost all of 80 witnesses called in the case appeared to suffer from "bad memories."

"It is clear to the court," he said, "that here a lot was held back by the witnesses."

Judge Buchholz said that the

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See SOVIET, Page 6

With Wave and a Smile, Demjanjuk Trial Starts

By Francis X. Clines
New York Times Service

HERZLAELEM — This time there is no glass booth, and the defendant, the man accused of being "Ivan the Terrible" from the Treblinka death camp, entered the courtroom with a wave, a big smile, and a booming "Good morning" spoken in Hebrew. "Boker tov!"

"Hello Cleveland!" John Demjanjuk added in English, smiling, hugging his lawyer and sitting down to a trial in which he faces death by hanging and is offering a defense of mistaken identity.

The assembled audience, including Jewish students too young to have witnessed the last Nazi trial here 26 years ago, stared in some surprise.

They were realizing that the case of John Demjanjuk, 66, a Ukrainian-born retired auto worker from Cleveland, would be no reprise of the trial of Adolf Eichmann.

Eichmann, the dour master bureaucrat of Nazi Germany's exter-

mination of the Jews, was convicted and hanged 25 years ago after being tried in a glass booth, his ashes cast on the Mediterranean downwind from Israel.

Mr. Demjanjuk, a bald, bluff, heavy-set man, claims a tragic mistake has been made. He is accused of being a low-level but memorable sadistic Nazi functionary at the Treblinka camp in Poland where an estimated 900,000 Jews were put to death in a single year.

He stands accused of whipping and torturing doomed Jews as they trekked naked down the camp's "road to heaven" leading to the gas chamber, where he allegedly ran the carbon monoxide engines.

"John Demjanjuk has never been in any death camp in any capacity," Mark O'Connor, the chief defense attorney, told the three-judge trial seated on the stage of a converted movie theater.

The 600 seats were filled by a curious blend of journalists and Israeli racing the gamut from a baby-toting mother who moved up

front for a long, clear look at Mr. Demjanjuk, to a group of bearded, darkly dressed men who huddled as if in wonder and distress. Mr. O'Connor, who contends his client was victimized in a conspiracy of forgery and global politics hatched by the Soviet Union, faces

a prosecution case that includes a 45-year-old photo identity card from war archives and at least eight Treblinka survivors prepared to identify Mr. Demjanjuk as "Ivan the Terrible."

Mordechai Fuchs, a member of

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several hundred thousand, but one immigration official says the best guess is about 20,000.

The women are mostly Filipinos, though there are Thais, Taiwanese Chinese and Koreans as well. They have become staple features in Japan's mammoth sex and entertainment industries as bar hostesses, dancers and prostitutes.

"Japanese men like us," said a Filipino woman who worked as a hostess in a bar in Koryama City, 250 miles (400 kilometers) north of Tokyo, for five months last year. "They are rude with a Japanese woman, she will get angry. A Filipina will just smile."

Many of the women who come to Japan to seek their fortunes find only misery.

There are numerous stories of Filipino women sleeping 10 to a tiny room, of being beaten by customers or employers. As illegal aliens, they are not allowed to work.

Predictably, the solution to the illegal alien problem most often suggested is tighter enforcement. But a few Japanese argue for liberalizing, saying the people will come regardless and could prove economically useful.

In the first eight months last year, 6,056 foreigners were caught or surrendered on visa violations, a rise of 23 percent from the same period in 1985, the Japanese Ministry of Justice reports. Estimates of illegal aliens run as high as

100,000.

But there are many more who have not turned themselves in. In Japan in the 1980s it is becoming an underground job market for foreigners. It is distressing news to a country that

has long taken pride in its racial and cultural homogeneity.

Most of the alien workers are from poor Asian countries — women for bars and brothels, men for small factories and construction sites. Many support families left behind.

Scattered among their ranks are a few Americans and Europeans, most in white-collar jobs such as teaching English, but a few in nightclubs and ready to travel, cheap plastic bags slung over their shoulders.

One by one, their names are called and the aliens pass through doors to give statements on how they came to be in Japan illegally and how much money they have. Most receive no punishment and are cleared to fly out of the country within a few days.

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In Spain, a Frustrated Generation Students Are Seeking to Join Society, Not Change It

By Edward Schumacher
New York Times Service

MADRID — He is known as El Cojo, the crippled one, and the image of him shown repeatedly on television and in newspapers in recent days has been both sad and brutal.

As the thousands of youths swirled around him threw stones and fire bombs at charging policemen during a recent student demonstration here, El Cojo leaned calmly on a metal crutch and, with his second crutch, reached up and broke the glass of a directional sign.

"I dedicated myself to breaking everything I could because I didn't like the way the police were acting," he said later. He was dressed in his single combat boot and a black leather jacket that said on the back: "Kill priests, you'll see heaven."

The 20-year-old vagabond, whose real name is Juan Manteca, is an extreme example, but he has come to symbolize the anguish of a baby boom generation in Spain whose protests over the last two months are challenging Spanish society and the Socialist government of Prime Minister Felipe González.

Since the Christmas break, the youths, demanding jobs and easier access to university, have largely shut down or created havoc in Spain's universities and secondary schools. Tens of thousands have taken to the streets, marching on the presidential palace, the Cortes and Education Ministry offices around the country in demonstrations that usually end in violent clashes with the police.

Although the center-left government has taken a kid-gloves approach by permitting the demonstrations, scores of young people have been arrested or injured.

Fearful of losing a semester of study, two main student groups — the Student Union and the Madrid branch of the Coordinator of Secondary School and University Students — called on members Sunday to return to class temporarily while they awaited a new government proposal in talks with the minister of education, José María Maravall. But street protests will continue, leaders of the groups said.

Some politics are behind the protest movement. Juan Ignacio Ramos, head of the Student Union, is a Trotskyist. Marcelino Camacho, head of the Workers Commissions, a Communist-led union confederation, has marched with the students. Far-right groups have joined in the violence.

But even government officials say that the biggest factor in the protests is frustration. The protests were set off by the demonstrations in December in France that forced the withdrawal of an education law proposed by the conservative government there.

Compounding matters, a baby boom generation born between 1960 and 1976 has been coming of age, swelling school and university enrollments and unemployment lines. Spain's baby boom cycles are tied to the Civil War of the 1930s, not World War II.

Short of money, this generation lives at home often into the 30s, cushioning the economic effect but creating a sense of uselessness and social marginalization.

Mr. Zaragoza said. Meanwhile, those who are turned

school students demonstrating against the policies of a center-left government, make the Spanish movement a different phenomenon, sociologists say.

"This generation finds itself blocked growing up because of economic reasons," said José Luis de Zaragoza, author of a report on youth for the government.

The main impediment is an unemployment rate that the government says is 45 percent for youths between the ages of 16 and 24, or more than one million young people. The overall unemployment rate in Spain is 21 percent, the highest in Western Europe.

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Gorbachev Says Domestic Needs Will Determine Foreign Policy

By Philip Taubman
New York Times Service

MOSCOW — Mikhail S. Gorbachev said Monday that the Soviet Union needs a period of international stability so it can turn inward to concentrate on domestic concerns.

Mr. Gorbachev, addressing a national television audience and a group of foreign visitors, said: "Before my people, before you and before the world, I stand with full responsibility that our international policy is more than ever determined by domestic policy, by our interest in concentrating on constructive efforts to improve our country."

He added: "This is why we need lasting peace, predictability and constructiveness in international relations."

Mr. Gorbachev proposed no new foreign policy initiatives in his hourlong speech, the main event of a three-day disarmament conference that brought together scientists, businessmen, doctors, writers and performers from dozens of countries, including the United States.

Drawing the clearest link between pressing domestic concerns and Soviet external behavior since he took office nearly two years ago, Mr. Gorbachev said of his effort to revitalize society:

"This is where we want to direct our resources, this is where our thoughts are going, on this we intend to concentrate on the testing of the treaty to allow the testing of weapons designed for deployment in space that pledge."

He called for an international law banning deployment of any weapons in space.

Reagan Rejects Revision of Geneva Pacts Over Terrorist Issue

By Judith Miller
New York Times Service

WASHINGTON — In a move intended to deny international legal protection to terrorists and anti-Western guerrillas, President Ronald Reagan has decided against U.S. ratification of the first part of a major revision of the 1949 Geneva Conventions on treatment of combatants and war victims, according to administration documents.

Notice of Mr. Reagan's decision was sent to the Senate Foreign Relations Committee without announcement two weeks ago.

In his letter, the president said he would not submit Protocol 1, as the revision dealing with international armed conflicts is known, because it was "fundamentally and irreconcilably flawed."

The notice contains an unusual request that the Senate support his judgment in a nonbinding vote. At

the same time, Mr. Reagan urged that Protocol 2, which deals with noninternational conflicts, receive the consent of the Senate to ratification.

The United States signed the two protocols in 1977, with the understanding that a decision on ratification would await a formal study by the Joint Chiefs of Staff. Since then, more than 100 nations have signed the protocols, and more than 40 have ratified them.

Signing obligates a nation to act in accordance with the treaty, but only formal ratification gives the treaty legal force. If a nation that signs a treaty then declines to ratify it, it is no longer obligated to abide by it.

The Soviet Union has not ratified the protocols. Israel has said it opposes ratification of both protocols. Among members of the North Atlantic Treaty Organization, Denmark, Norway, Belgium and Italy have ratified the revisions. France

announced last year that it would not ratify Protocol 1.

"It is unfortunate that Protocol 1 must be rejected," the president wrote in his decision notice. But, he added, "we must not, and need not, give recognition and protection to terrorist groups as a price for progress in humanitarian law."

His decision effectively ends an effort that had lasted more than a decade to revise the Geneva Conventions to improve the treatment of combatants and civilians in wartime.

The effort to revise the four Geneva Conventions of 1949, which mandate humane treatment of the sick and wounded in the field and at sea, for prisoners of war and for civilians, began in 1974 when delegates from almost all nations gathered in Geneva.

But the administration has concluded that Protocol 1, the heart of the revision, would have the effect of legitimizing liberation insurgent

movements and terrorist groups by granting their members the status of combatants and prisoners of war.

Some State Department officials who supported the revisions maintained that the bulk of the protocols were worth salvaging because the emphasis on international cooperation in the treaty would facilitate extradition and prosecution of terrorists, and that its provisions attach legal consequences to taking hostages and using force indiscriminately.

Administration officials said that the United States' Western allies were told of the president's decision last summer. They attributed the delay in informing the Senate to what one called the White House bureaucracy's distraction over the Iran-contra affair.

They acknowledged, however, that even before the Iranian controversy, a decision had been held up by the long study conducted by

the Joint Chiefs, delays inherent in the military bureaucracy and by the fact that until the most recent encounters with terrorists, the treaty issue ranked low on the administration's priorities.

Protocol 1 first encountered political opposition when the Joint Chiefs opposed its ratification in July 1985. The Joint Chiefs determined, according to a memorandum from Secretary of Defense Casper W. Weinberger to Secretary of State George P. Shultz, that the protocol would "politicize international humanitarian law and, inter alia, afford legal protections to terrorists and 'national liberation movements' at the expense of non-combatants."

On March 21, 1986, Mr. Shultz concurred with the objections of Mr. Weinberger and the Joint Chiefs in a separate memorandum to Mr. Reagan. Mr. Shultz asserted that the Protocol would politicize the international rules of war by

making their applicability hinge on "nonlegal standards couched in highly charged rhetoric."

He cited as an example Article 1 of Protocol 1, which says the provisions apply to nations and "peoples" who "are fighting against colonial domination and alien occupation and against racist regimes in the exercise of their right of self-determination."

Mr. Shultz was also opposed to Protocol 1, he wrote, because it gives regional political organizations, such as the League of Arab States and the Organization of African Unity, authority to judge which "peoples" constitute a legitimate party to armed struggle.

In a memorandum to the administration in late spring of 1986, Vice Admiral John M. Ponder, who at the time was the White House national security adviser, informed agency heads that Mr. Reagan had decided against ratification of Protocol 1.

WORLD BRIEFS

1.5 Million Greeks Join General Strike

ATHENS (AP) — About 1.5 million Greeks joined a 24-hour nationwide general strike Monday, demanding wage increases and a reduction of the Socialist government's 16-month austerity program.

More than 600,000 store owners and self-employed businesspeople joined the strike, along with 200,000 civil servants.

The government of Prime Minister Andreas Papandreou said it would make no immediate concessions to the strikers. Labor Minister Costas Papathanasiou said: "Stabilization must continue. We hope that by the end of the year conditions will permit us to justly satisfy the workers' demands."

Chad Reports Libya Air Raid in South

NDJAMENA, Chad (Combined Dispatches) — Chad radio reported Monday that Libyan aircraft repeatedly bombed an area Sunday near large Chadian army base south of the 16th parallel.

Libya denied Monday that its troops had participated in the attack on Kouba Oulanga, saying the bombing was carried out by Libyan-backed rebels. France, which has troops in Chad supporting the government of Hissene Habre, has pledged to repel any Libyan-led attack south of the 16th parallel.

Kouba Oulanga, one of the army's main rear bases, is about 30 miles (50 kilometers) south of the line dividing the Libyan-held north and the government-controlled south. (AP, AP, Reuters)

Students Vote to End Strike in Mexico

MEXICO CITY (NYT) — Students at Mexico's largest university have voted to end an 18-day strike after the university administration agreed to reconsider plans for sweeping policy changes.

The students' decision on Sunday came after five days of heated and sometimes tumultuous debate on the campus of the National Autonomous University of Mexico, whose 340,000 students have been on strike since Jan. 29.

In a meeting on Feb. 10, the governing council of the university announced that it would temporarily suspend new regulations calling for higher academic standards and entrance fees. The administration also agreed to student demands to establish a university congress that would have formal powers to decide the fate of proposed changes.

Pope Sees Seattle's Substitute Bishop

VATICAN CITY (UPI) — Pope John Paul II met privately Monday with Auxiliary Bishop Donald Wuerl, the Vatican-appointed stand-in for Archbishop Raymond G. Hunthausen of Seattle, who has been stripped of many of his powers.

The audience occurred a week after the announcement in Washington that the Vatican has appointed a committee of three archbishops to investigate the situation in the Seattle archdiocese. Vatican officials said only that the pope had scheduled a 15-minute private meeting with Bishop Wuerl.

Both the United States and Ireland declined specific comment on the strike. But Yossi Ahimeir, spokesman for Prime Minister Yitzhak Shamir, said, "We still say that this whole affair was a mistake on our side, a mistake of some people."

According to the report, which was filed from Washington, the secretary Mr. Pollard gave to Israel included the following:

• Information about Soviet ship movements and arms deliveries to Syria and other Arab states, including information on SS-21 ground-to-ground missiles and SA-3 anti-aircraft missiles.

• Maps and satellite pictures of Iraqi and Syrian weapons factories and storage facilities, including the layout of eight Iraqi chemical warfare factories.

• A satellite photo of Pakistan's nuclear facility outside Islamabad and an alleged Pakistani program to build atomic bombs.

The report said Mr. Pollard gave Israel the results of U.S. reconnaissance flights over Tunisia, including a description of a building that served as PLO headquarters. He also passed on information about ship movements in the Mediterranean and Libya's anti-aircraft defense system, it said.

The report quoted one unidentified Israeli official as saying the data "made our life much easier" in carrying out the Oct. 1, 1986, air strike on Tunis in which about 60 Palestinians and Tunisians were killed.

Western allies and moderate Arab states criticized the U.S. government for supporting the raid.

The United Nations Security Council condemned the raid as an act of aggression, and Yasser Arafat, the PLO leader, accused the United States of giving military assistance to Israel for the attack.

Mr. Pollard, 32, a former civilian intelligence analyst for the U.S. Navy, was arrested outside the Israeli Embassy in Washington on Nov. 21, 1985, and pleaded guilty to espionage. His wife, Anne, 26, pleaded guilty to lesser charges. Both are to be sentenced March 4.

Israel Bars Entry to West Bank Towns

KFAR AQAB, Israeli-occupied West Bank (Reuters) — The Israeli military authorities announced Monday that several major Palestinian towns in the West Bank would be closed to outsiders following mounting anti-Israeli protests there. Israeli infantrymen blocked the highway outside the twin cities of Ramallah and El-Bireh to everyone except residents. The authorities said the order, which also affected parts of Nablus and the town of Be' Zeit, was issued after demonstrators threw stones at security forces. Troops fired tear gas at Arab demonstrators in Ramallah, and an alleged Palestinian program to build atomic bombs.

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Rights Abuses by Pretoria Assailed

GENEVA (UPI) — Violations of basic human rights in South Africa have reached a "virtually unprecedented level," Amnesty International said Monday.

In a statement to the annual session of the United Nations Human Rights Commission, Amnesty International said abuses have risen substantially because of new indemnity regulations for South African security forces. "This effectively confers on all members of the security forces immunity against prosecution, in advance, for all acts which they may commit 'in good faith' in connection with their use of emergency powers," the human rights organization said.

The group said it received "graphic information" of the torture by electric shocks of five female detainees aged 15 to 18 years at Heilbronn police station in Orange Free State.

For the Record

At least 23 students were arrested Monday in Lima when about 2,000 demonstrators clashed with police in a protest against raids Friday at three universities. In the raids, police detained 793 people they said had links to leftist guerrilla organizations. (Reuters)

Correction

Because of editing errors, an article in the Saturday-Sunday editions incorrectly characterized the Official wing of the Irish Republican Army as having been at war with the Protestant majority in Northern Ireland. The article also referred incorrectly to 1983 convictions in a prosecution based on the testimony of a convicted terrorist. The convictions were in 1985.

China Makes Overture To Taiwan Opposition

By Lena H. Sun
Washington Post Service

WASHINGTON — Chinese Communist officials have made an overture to Taiwan's newly formed opposition party, according to party officials.

During a visit to Washington last week, members of Taiwan's Democratic Progressive Party were sounded out by an intermediary with Hsu Xu, China's ambassador to the United States, according to Kang Ning-hsiung, a member of the visiting Taiwanese delegation.

The opposition wants "self-determination" for Taiwan, which it defines as the right of Taiwan's people to choose their own government. But the Kuomintang and Communists consider that to be a thinly disguised call for independence, a concept they both oppose.

But Beijing is now taking a "more sophisticated" view, Mr. Kang said. The Communists understand that the older Kuomintang members have an emotional commitment to one China and are reluctant to deal with the mainland.

The Nationalist government has pursued a "three no's" policy — no independence, no confrontation, no negotiations — with Beijing.

The younger generation of Taiwanese harbor "serious doubts" of one China under Communist rule, but are interested in having contacts and trade with the mainland.

Harry Harding, a senior fellow at the Brookings Institution and a China specialist, said the shift began in October, when Hu Yaobang, who at the time was party leader, mentioned the importance of the "people of Taiwan" in resolving the Taiwan question.

In the past, the Chinese Communists

had been critical of the Kuomintang's policies.

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Rabin Calls Arms Deal a Diplomatic Necessity

By Jim Hoagland and Glenn Frankel
Washington Post Service

JERUSALEM — Defense Minister Yitzhak Rabin has defended Israel's arms shipments to Iran as a necessary effort "to try to open contacts with our enemies" in the Middle East, adding that he regrets that Israel did not succeed in establishing "better liaison with Iran."

In an interview in Tel Aviv, Mr. Rabin described in detail Israel's goals in cooperating with the United States in shipping anti-tank weapons and Hawk missiles to Iran. Israel's motivation has been previously described in official statements almost solely in terms of helping the Reagan administration win freedom for American hostages in Lebanon.

Mr. Rabin, a former ambassador to Washington, stressed that he released two shipments drawn from Israel's own arsenal in 1985 only after being assured that the Reagan administration formally encouraged the shipments.

Mr. Rabin said, "I was in Washington for five years and I know what it means to send a single screw that comes from the United States outside Israel without U.S. approval."

But Mr. Rabin and other senior Israeli officials acknowledged that they had relied on an oral assurance given by Robert C. McFarlane, who at the time was President Ronald Reagan's national security adviser, that Mr. Reagan had approved the shipments.

These officials also said Israel went ahead with the shipments even though the White House warned that it would deny involvement in the 1985 operation if it were disclosed. That warning apparently was conveyed by Mr. McFarlane when he told an Israeli diplomat, David Kusich, that Mr. Reagan endorsed the idea.

The lack of independent confirmation of Mr. Reagan's approval is important because of a conflict in testimony given by Mr. McFarlane and the White House chief of staff, Donald T. Regan, who has said that the president did not give his approval before the September shipment of TOW anti-tank weapons by Israel to Iran.

Foreign Minister Shimon Peres, who was prime minister at the time of the arms shipments, has said that he approved the operation only as a favor to the United States for "humanitarian" reasons.

Mr. Peres has declined to be interviewed about his role in the Iran affair, which he and close associates helped encourage and coordinate, according to a U.S. Senate intelligence committee report on arms deals released last month.

Mr. Rabin defended the 1985 shipments as being consistent not only with Israeli security interests but also with the advice that the United States has given Israel about pursuing peace in the Middle East.

The main American argument has been that to achieve peace with Arab countries, you have to talk to them," Mr. Rabin said. "You have to make peace with your enemies, not with your friends. Iran is a bitter enemy of Israel as well as the United States, and it was natural to try to open channels of communication."

In shipping 500 TOW anti-tank missiles and 18 Hawk missiles to Iran between September and November 1985, Mr. Rabin maintained that "we did not move without getting assurance from McFarlane that the president approved it."

Mr. Rabin said that after Mr. Kusich received Mr. McFarlane's oral assurance, "I assumed it was safe enough" to begin shipping U.S. weapons to Tehran from Israel's stockpile.

But the defense minister added, "I was much happier when the United States and Israel came to the conclusion in December 1985 that the method of operation should be changed."

On Jan. 17, 1986, Mr. Reagan for the first time formally approved the arms sales by secretly authorizing direct U.S. shipments to Iran. This formal authorization significantly reduced Israel's role in managing the opening to Iran.

Asked if he regretted Israel's earlier activism, Mr. Rabin suggested that he was bothered only that more U.S. hostages had not been freed and that better liaison had not been established with Iran.

Group Ends Campaign To Draft Lee Iacocca

The Associated Press

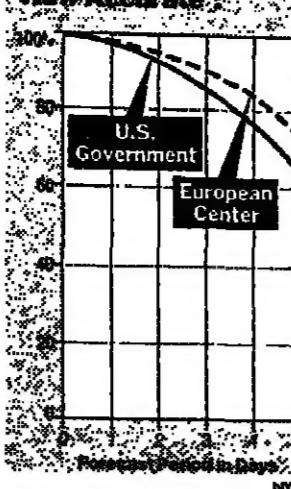
DETROIT — A move to draft Lee A. Iacocca, chairman of Chrysler Corp., as a Democratic presidential candidate in 1988 is disbanding, one of the organizers said.

The former chairman of the Michigan Democratic Party, Morley Winograd, said Mr. Iacocca wants "four more years at Chrysler. He won't be available until 1992." Mr. Iacocca, 62, recently accepted an agreement that included another four years as head of the third-largest carmaker in the United States.

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Weather Forecasts How Accurate?



Europe Keeps a Step Ahead of U.S. in Global Weather Forecasts

By James Gleick
New York Times Service

NEW YORK — U.S. weather forecasters are lagging significantly behind their European counterparts in the international competition to improve global prediction, according to meteorologists on both sides of the Atlantic.

Over the last two years, officials say, progress in simulating the Earth's weather patterns has sharply improved the forecasts issued by the U.S. government's National Meteorological Center near Washington.

The center provides the basic forecast sent each day to regional centers around the United States.

But the American forecasts remain consistently inferior to forecasts — even those for the United States — that are made by the European Center for Medium Range Weather Forecasts, a 17-nation facility based in Reading, England.

Date from both centers and interviews with meteorologists show that the gap is as much as a day. The European center's forecast for the next six days, for

instance, is roughly as reliable as the American five-day forecast.

Officials, meteorologists and others give several reasons for the lag, but one stands out. The European center runs its model on a computer, an American one, that is roughly three times more powerful than the computer used at the U.S. center. That allows its forecasting to be not just faster but also more detailed and more realistic.

Apart from matters of national pride and scientific prestige, the progress in forecasting affects an increasingly wide range of industries. Truckers, airlines, oil drillers, farmers, fishermen and construction companies all have an urgent financial interest in forecasts of weather more than a day or two in advance.

Although the gap has existed throughout the 1980s, recent improvements in the European center's weather model highlight the disparity. Forecasters in many countries, even outside Europe, are coming to rely on the European model. Recently, for example, Southeast Asian countries have found the predictions useful in anticipating tropical monsoons.

"We feel we have made significant gains, and we can

demonstrate that," said William D. Bonner, director of the American center. "But it really takes time to catch up in this business. You cannot drop five years behind and make that up in a few years when you're competing in an environment where everyone else is moving forward."

The Americans and Europeans are not the only players in the forecasting race. Other national centers, including Japan's, have made tremendous strides in the last few years.

The Europeans rely heavily on the United States as the largest source of raw weather data from satellites and ground stations, and they make their forecasts freely available to Washington each day by electronic transmission. The American forecasters, in turn, take note of Europe's predictions as well as their own in producing summaries for use by local forecasters.

In explaining the forecasting gap, some American meteorologists cite the different missions of the two centers. The National Meteorological Center must issue forecasts for the next day or two as well as the medium-term forecasts for the following several days, while the European center was established specifically

to concentrate on the medium range. So the Europeans can wait several hours longer before starting their computer run.

Most scientists believe, however, that the crucial difference between the European and American centers lies in the power of their supercomputers.

The Americans upgraded their computer most recently in 1983 with the purchase of a Control Data Cyber 205. By then the European center had already been using a Cray computer for four years. The Europeans leaped ahead again a year ago with the purchase of a more advanced Cray, the X-MP-48.

Global forecast models are immensely complex numerical engines, using data about the state of the atmosphere at one instant to calculate the likely state of the atmosphere five minutes later, and then repeating the process over and over again. They simulate 10 days of weather in a few hours of computer processing.

The Americans hope to upgrade their computer again, saying they are near the limit of what they can accomplish with their present equipment. But officials say they will not be able to get a better computer until 1989 at the earliest.

U.S. Is Nudging South Korean Parties Toward Compromise

By Clyde Haberman
New York Times Service

SEOUL — The United States has begun a vigorous campaign to nudge South Korea's rival political parties toward a compromise that would lead to a more democratic government.

South Korean politicians and newspapers have devoted considerable attention in recent days to a suggestion by a State Department official that relations with Washington may hinge on whether this country develops "a more open and legitimate political system."

The official, Gaston J. Sigur Jr., assistant secretary of state for East Asian and Pacific affairs, also

urged South Koreans to begin "permanently civilianizing their politics," a call for the military to get out of the government.

His remarks could be interpreted as indirect criticism of President Chun Doo Hwan, a former army general who presides over an authoritarian government filled with other former military officers in important positions.

There has been no clear government reaction to Mr. Sigur's comments, which were made Feb. 6 to the United States-Korea Society in New York. But the concern here is evident from the prominent coverage, including lengthy translations,

in

that the government-regulated press has given to the Sigur speech.

Another sign of a more assertive

United States stance is the behavior

of the new American ambassador,

James R. Liley, who arrived

three months ago.

Government and ruling party

leaders have made it plain that they

would be deeply offended if no

solution is reached by the middle of

this year. Mr. Sigur's speech, reinforce

by American diplomats in Seoul,

reflects growing U.S. frustra

tion with the lack of progress.

Calling for "innovative ideas"

from both sides, Mr. Sigur said:

"Most outside observers are con

cerned that, to date, there seems to

have been more argument than real

discussion, as a consequence,

more rhetoric than results."

Kim Dae Jung is barred from

political activity because he is under

a suspended sentence for his

conviction on what U.S. officials

describe as trumped-up sedition

charges. Despite the ban, he is a

controlling force behind the oppo

sition New Korea Democratic Par

ty, which will replace the

current, which has been

reduced to a skeletal

organization.

Without specific arms proposals

of his own and unsupported by

strict rules of engagement, the presi

dent was vulnerable to a momen

tum established by the Soviets," the

report said.

Mr. Aspin said the administra

tion, which billed the session as a

"preparatory meeting," had 10

days in which to get ready and "an

effort to prepare for substantive

talks was never made."

The report said the proposal that

caused the most problems was a

hasty U.S. initiative to eliminate

ballistic missiles in 10 years, "of

fered freely by the president in full

knowledge that its implications had

not been considered either by his

own military or by U.S. allies."

The entire process was flawed,"

said Mr. Aspin, whose panel based

its report on a series of hearings on

the meetings. "Despite frequent

public statements opposing ill-pre

pared summits, with the U.S. elec

tions only six weeks away, Reagan

agreed to go to Reykjavik."

DUARTE: Despite Reforms, U.S. Aid, El Salvador Remains Mired in Crisis

(Continued from Page 1)

the leftist guerrillas fighting the government because they were sick of war. But she added that they felt abandoned. "We are caught between the government and the guerrillas," she said. "It is a canyon without an exit."

Such frustration is readily encountered in the jammed city streets and bare peasant villages of this small country, where Mr. Duarte's difficulties appear to be only one expression of much deeper problems that are rooted in centuries of social inequality, authoritarianism, and class polarization.

The key struggle for control of the countryside goes on, and most analysts predict that the United States will be forced to remain heavily involved in El Salvador for years, perhaps even decades.

American diplomats and Salvadoran political analysts argue that the gains in curtailing gross human rights abuses, stabilizing the economy, training the army, and supporting an elected civilian government are essential and hard-won first steps.

But they do not appear to be enough to break the underlying po

litical deadlock that divides the country into warring factions, nor to assure that the government will govern effectively, the diplomats and officials say.

American policy appears to have stalled after a victory by the Marxist rebels, but it seems to have stumbled on the harder task of building a working society in El Salvador.

The sense of drift has visibly begun to upset the army's high command, which is more powerful than ever as the result of a war that has guaranteed constant American aid.

Almost inevitably, the army has begun to assert itself politically, putting pressure on Mr. Duarte to improve his performance in his last two years in office and pressuring a new rural counterinsurgency plan called United to Rebuild.

The high command has to begin to play a role in political and social

life," said Col. Mauricio Ernesto Vargas, watching his troops hand out food and medicine in the contested eastern village of Cacopera. "As long as people lack food, work, roofs and health, the problem is inextricable."

The rich, on the other hand, appear to have barely felt the weight of the war and the bankrupt economy.

Around the price of

relief, American aid may climb to a record \$770 million, from \$544.7 million last year.

But despite such assistance, as well as a major effort at land reform, El Salvador remains a country of profound inequality embedded in almost every structure and attitude of society.

While peasants make up the majority of the population, political power remains in the hands of the urban elite. Most Salvadorans are afraid of policemen and soldiers, and few of the poor would dream of seeking legal redress against a landlord because virtually no judge would favor a poor man.

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

Mixed Eastern Signals

The regimes of Eastern Europe are reacting with a mix of apprehension and antagonism to Mikhail Gorbachev's calls for openness and "democratization."

General Wojciech Jaruzelski of Poland has applauded. But in East Germany, the regime of Erich Honecker has signaled that it does not intend to imitate the new Soviet line, and has kept parts of Mr. Gorbachev's recent programmatic speech out of the local press. In Czechoslovakia, a leading hard-liner, Vasil Bilak, has given provocative public praise to the Soviet invasion of 1968 and issued a warning to those who might be tempted to take the Soviet reforms as a pretext for reviving the "Prague Spring." More muted expressions of concern have come from Hungary and Bulgaria. And Romania's Nicolae Ceausescu has served notice that the Kremlin's new approaches to economic policy are not for him.

There is no evidence so far that the Soviet Union is trying to press the East Europeans into a uniform reaction, although Soviet officials say that "democratization" and a need to make socialism more attractive are valid for all Communist parties. The Kremlin has reason to be circumspect. It may be stirring up forces that would be hard to control.

INTERNATIONAL HERALD TRIBUNE

Turbulence in Brazil

Brazil is sliding closer to the danger zone. Its economy has deteriorated rapidly in a few months, and the government's authority has declined with it. Brazil is a country of immense resilience and resources; it has sometimes recovered its balance in circumstances as unpromising as these. But it is still the largest of the Latin debtors. The interests of its creditors are a secondary consideration, but its troubles will once again set off tremors in the United States.

The immediate threat is inflation. A year ago, with the rate rising above 15 percent a month, President José Sarney imposed a dramatic program that introduced a new currency and a freeze of wages and prices. Inflation dropped sharply and its popularity rose. But no wage and price freeze will last forever, and this one had a flaw built into it. As a concession to labor, Mr. Sarney froze wages much less rigorously than prices. Why? Perhaps because of political insecurity. He was elected vice president and found himself in the president's office when the man at the top of the ticket died before inauguration. He has never entirely consolidated his hold on his party.

Early last year his advisers began warning that the program needed fixing. But the fixes would not have been popular, and he

Inevitably, the new policies are deeply unsettling for other Communist regimes. East European leaders in their seventies who have been warding off social and political change for decades, as in Czechoslovakia and Romania, or who have been experimenting with limited, carefully controlled economic reforms, as in Hungary, are suddenly vulnerable.

Problems of impending succession have been complicated. Hard-liners, like Mr. Bilak in Prague, who had been confident of taking the helm when the time comes feel suddenly threatened by less doctrinaire rivals who might win Moscow's endorsement. New confrontations between old ideologues and long frustrated reformers are likely. Even General Jaruzelski, who has made his own cautious reforms, may be under pressure to go further than he intended.

At stake, especially in East Germany and Hungary, is the relative independence that these regimes have been claiming in their economic and political relations with the West. At a time of repeated Soviet initiatives aimed at America and Western Europe, Mr. Gorbachev may be even less inclined to grant freedom of initiative to other Communist leaders.

INTERNATIONAL HERALD TRIBUNE

OPINION



The P.R. line and the front line.

Europe Should Get Serious About Its Own Defense

By William Pfaff

PARIS — Europeans are only now confronting the fact that there are serious people in the U.S. Congress prepared to see American troop strength in Europe sharply reduced or withdrawn. They awaken to the fact that Assistant Secretary of Defense Richard Perle speaks for many in the United States who have lost patience with Western exports.

Americans say that Europe has not been paying its proportionate share for European defense. European governments reply that employment and industrial investment have had a better claim on their money. Americans say that this is untrue.

Europeans reply that they make a much calmer assessment of the Soviet threat than does Washington. When Assistant Secretary of Defense Richard Perle asserts that the U.S.S.R. makes its nuclear disarmament offers only in order to cheat and obtain "a monopoly of nuclear weapons and the realization of the Leninist dream of the decisive correlation of forces," few Europeans are responsible positions take him seriously.

The defense issue is linked to the trade issue. Impatience on trade was obvious during last year's congressional election campaign. Washington has since hammered down the dollar, dealt toughly with the European Community on compensation for

U.S. export losses to Spain and Portugal, and challenged the Airbus consortium's A300/A340 project. Americans say the EC should spend its money on defense, not on farm subsidies or subsidy to high-technology projects that threaten U.S. exports.

The Airbus affair, interestingly enough, produced a reaction of defiance, which has not been the case in the past. The British government, usually uncomfortable with European projects and inclined towards American ones, was furious. The industry minister, Geoffrey Parle, announced that Britain would find the money for the new Airbus program, which before had not been sure. West German Economics Minister Martin Bangemann committed his country to the project. France's Prime Minister Jacques Chirac declared that if the United States wanted trade war on this issue it would get it.

The Airbus reaction was so sharp because jobs, technology and trade are crucial issues and prompt a degree of solidarity which the more remote considerations of political and military security do not. It is time, though, that they did, since without common European action on security, the West runs a serious risk.

Since the mid-1980s the French

not worth the risks. Many others think that if a European Community is industrially stronger and richer than the Warsaw Pact cannot defend itself, it is not worth defending.

The time has come for the West Europeans to be serious about their security. They might properly begin through quasi-official or unofficial methods, but the enterprise needs to be intellectually serious and enjoy firm government commitment. The possibilities of common deterrence and defense need to be explored, together with the responsible courses of action open to the European powers if or when U.S. force reduction begins, or when it becomes evident that a fundamental reconsideration of the trans-Atlantic security relationship has become a mutual interest.

This implies a search for a common assessment of the Soviet threat and for agreement on the appropriate deterrence and defense. At the moment this may simply mean study, responsible though, with high-level support and high-level access. No dramatic action is required, but would that be useful now. But the relationship between Washington and the European capitals would benefit enormously from the fact that Europe's alternatives were being seriously addressed.

International Herald Tribune.
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No, Reagan Hasn't Yet Finished

By Stephen S. Rosefeld

WASHINGTON — To any anxious European friend: You ask whether the Reagan administration is finished. You ask it, furthermore and dismay in some bewilderment and without assuming that the pursuit of integrity in government — which is the way most of us here see the inquiry into the Iran-contra affair — is an act of treason to the Atlantic alliance.

Certainly, the Teflon myth of presidential immunity is shredded. Mr. Reagan's energy level, after as before his operation, seems up and down. People don't offer him the same deference. If he is counting on the public to get bared by the scandal and to call off the hounds, he must calculate that the inquiry is now institutionalized in both houses of Congress and in the judiciary, and is not merely a thing of partisan or media enterprise.

Then, too, Mr. Reagan's foreign policy has had a certain structure, and it hurts him now. The structure was to build up positions of strength in arms and areas of dispute in the earlier years and then, in the later years to reap the diplomatic gains. He is the weight lifter who built up for six years and now, with the big match upon him, pulls a muscle.

The number of big issues on his personal agenda is down to two. That is a sorry performance for a great power, but don't knock it: Some of Mr. Reagan's critics would prefer to see him so enfeebled that he couldn't

You Europeans will get by, chewing your nails.

do anything at all. Aides will run the international economy and trade, somehow. You Europeans will get along, chewing your nails. In the Middle East, America will respond to alarms — not much more. Southern Africa is for slogging. In Afghanistan we will support the guerrillas. That leaves arms control and Nicaragua.

On arms control, even before his current time of troubles Mr. Reagan had not decided that the kind of agreement perhaps within reach, involving certain restraints on "star wars," was worth reaching for.

Casper Weinberger has been pushing hard to force a star wars choice that no subsequent president or Congress could reverse, no matter what the effect on arms control prospects. George Shultz seems to understand that this would probably close the door on an agreement, and he wants to keep the door open. The president has seemed to be leaning his way, by agreeing to let you nervous Europeans plus our nervous congressmen get into this whole discussion.

Still, Mr. Weinberger remains a strong force, and Mr. Shultz's stand-offishness on Iran leaves him vulnerable to the Reaganists' knives on the issue that counts most with them, loyalty to the president's narrow political interests.

My guess is that Mr. Reagan will finally go with Mr. Shultz. The deal looks to be there for the picking on the Soviet side, since in Moscow as in Washington arms control is the single issue on which a politician with a plausible case on his plate can make a dramatic move and act like a leader.

I am not so sanguine about Nicaragua. You Europeans, accustomed to living next door to Communist states, may not have grasped the full import of Mr. Reagan's feeling on this issue. When one tries to guess what may be in his head — and that is what all foreign policy analysis in Washington comes down to these days — the suspicion grows that in order to do the right thing in arms control he may end up doing the wrong thing in Central America. To make a difficult compromise for the sake of an arms control agreement with Moscow, he may feel under pressure to stick to his hard-line position in Nicaragua.

Mr. Reagan wants democracy for Nicaragua. It is the place where it means the most to him to apply the "Reagan doctrine" of backing resistance movements to roll back Moscow's international gains of the '70s. The calculus of strengths and weaknesses that leads many to think that the contras are a dubious investment makes no visible impression on him. So it could happen that a failure by the contras to get up much military or political steam would generate pressure for some kind of U.S. military action at the year went along.

In brief, the Reagan administration is not "finished" not limping to the exit. Its largest foreign policy decision is ahead. The beginning of Ronald Reagan's time may have made you uneasy. The endgame could be strictly white knuckles.

The Washington Post.

Indonesia Will Vote and Generals Will Stay on Top

By Harold Crouch

CANBERRA — In April, Indonesia will hold its fourth general election since General Suharto took power in 1966, but there is no possibility that the results will threaten military domination of the government.

In previous elections, the government-sponsored Golkar party has always won more than 60 percent of the vote, and this year its leaders have announced a target of 70 percent. There are only two other legal parties and both have already proclaimed their support for Suharto's plan to stay in office for another five-year term.

Military personnel are not permitted to vote in the election, but 100 seats in the 500-seat legislature are already reserved for military appointees.

Although military officers cannot become Golkar candidates, the party is headed by Suharto's right-hand man, General Sudharmono, who will ensure that all of the Golkar candidates are supporters of continuing military domination. With the backing of the military, the police and the bureaucracy, Golkar is certain as least to maintain its share of the elected seats.

The army's involvement in politics dates from the revolutionary struggle against Dutch colonialism in the late 1940s, when the heaviest burden was borne by the guerrilla fighters of the newly formed armed forces. After the departure of the Dutch, military officers continued to believe that they had a right to participate in politics. When the liberal democratic system collapsed in the face of regional rebellion in the

mid-1950s, the military joined President Sukarno as a major component in his "guided democracy." The army took full power in 1966 after the failure of a Communist-supported coup attempt.

According to the Indonesian military's doctrine of *swayansiwa*, or dual function of the armed forces, its revolutionary credentials give it a permanent mission not only as a defense force, but also as a sociopolitical force with the right, and indeed the duty, to participate in all aspects of national life, including the government.

Indonesia's president and vice president are retired army officers, and 14 of 37 ministers are either present or former officers. The secretaries-general and other senior officials in many government departments are officers and about two-thirds of the regional governors are from the military. Many ambassadors, especially to countries important to Indonesia, are generals.

Many state corporations, such as those dealing in oil, tin and rice, are headed by generals and partly staffed by military officers. Also, many retired officers have entered private business, usually in association with local Chinese and foreign investors. Accusations of corruption and favoritism have become widespread as the growing wealth of prominent military leaders and their families has become impossible to hide.

During the past few years, a major change in

military leadership has taken place as the general who fought during the revolution have reached retirement age and been replaced by academy-trained officers. The commander of the armed forces, General Benny Mardians, is the last of the pre-academy commanders; all others are postrevolutionary officers. There has been much speculation about the values and attitudes of these "professional" leaders. One thing is clear: They are committed to the dual function concept and will play a major role in government.

In recent years there has been debate, within the armed forces and outside it, about the military's role. Some argue that the military must retain its present overwhelming dominance; others believe that the political stability and economic development of the last two decades have laid the foundations for a more restricted, although still substantial, military role.

While few doubt that the presidency will be in military hands for some time to come, the proportion of officers among cabinet ministers, senior bureaucrats and regional governors might be reduced. However, most observers agree that the relaxation of the military grip, if it takes place at all, will be a very gradual process.

The writer is a senior research fellow in the Research School of Pacific Studies, Australian National University, and author of "The Army and Politics in Indonesia." He contributed this comment to the International Herald Tribune.

Privacy for the Employee Is Going Out of Fashion

By Gary T. Marx

A small computer, named Trip master, installed on the dashboard of a truck can record speed, gear shifts, how long the truck idles and how long a driver stops for lunch or a coffee break. Another device can track vehicle location via satellite.

Within large industrial or office complexes, a worker's whereabouts can be determined at all times with card key systems, which require the employer to check into and out of various stations — including the parking lot, main entrance, a particular floor, a given office, a computer terminal and even the bathroom.

Video and audio surveillance, once restricted to high security areas, are increasingly found in work settings. They record whatever comes within their purview, work-related or not.

This was sadly discovered by two workers who left a factory as their shift ended, engaged in a heated discussion. A fight ensued and a video camera in the parking lot recorded a lawsuit, arguing that their activity outside the factory gate was a private matter. A judge ordered them reinstated.

Union grievances have been filed over the use of electronic surveillance in employee lounges and bathrooms. In one case, the introduction of electronic surveillance occurred during a union organizing drive.

Major changes are occurring in the monitoring of employee telephone communications as well. In most work settings, private use of

telephones has been tolerated, but with the development of a technique called station message detail recording, this is changing.

Extensive detail can easily be captured on phone usage, even to other extensions in the same building. Incoming calls can also be tracked.

The number of workers engaged in "telecommuting" (using computers and telecommunications at home) is also increasing. Interchanges with a central office serve to deliver a work product and also to monitor work. In such situations it is difficult to determine where the factory or office stops and the home begins.

One program permits managers to observe all input entered by an employee from his home and all output from the central computer to the employee's terminal. Other programs are available to send subliminal messages or statements, such as "Work faster." From management's perspective, monitoring practices can help to contain costs, enhance security, improve productivity and service, and appropriately allocate rewards and penalties. Yet they can backfire.

Electronic sweatshops are no more appealing than the other kind. One manufacturing company found that productivity declined and absenteeism, stress and turnover increased after a monitoring system was installed. Just because something can be done does not mean that it should be done. The precedent, once established, can lead to other forms of monitoring, such as watching what overweight people eat, tracking spending patterns of those chronically in debt or tracking employees who engage in high-risk sports. Once this is accepted, surveillance of religious or political beliefs could be next.

The writer, professor of sociology at the Massachusetts Institute of Technology, has just completed a book on undercover police investigations. He contributed this comment to The New York Times.

The Washington Post.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Cuba Is Warned

WASHINGTON — President William H. Taft is almost ready to intervene again in Cuba. This action would probably mean the end of that Republic. News of the disturbance growing out of the revolutionary attitude of the Spanish war veterans has been communicated to Washington. President Taft's Note, addressed to President José Miguel Gómez (Feb. 16), states that maintenance of law, order and stability are indispensable to the status of the Republic of Cuba, in the continued well-being of which the United States has always evinced a vital interest. President Taft states, therefore, that he looks to Government of Cuba to prevent a threatened situation which would compel the United States, much against its desire, to consider what measures it must take in pursuance of the obligations of its relations to Cuba.

1937: Amnesty Hopes

ROME — The amnesty proclaimed on the occasion of the birth of the Prince of Naples will affect tens of thousands of criminals, it is estimated here (on Feb. 17), but the decree printed in all the afternoon newspapers benefits relatively few political prisoners. Pardons apply only to those sentenced under the criminal code, whereas most political prisoners are tried by special tribunals, which sentence them "al confinio" — a classification to which today's decree does not extend. It is hoped that a subsequent decree will extend the amnesty to those held "al confinio." In the great amnesty of 1932 celebrating the tenth anniversary of Fascism, the pardon of prisoners "al confinio" was issued in a second, special decree. The press office tonight said, however, that "there is no question of a subsequent decree for the moment."

OPINION

It's Time to Start Caring About Ecuador

By A.M. Rosenthal

QUITO, Ecuador — This is one of the pleasantest of cities, full of grace and the taste of history, capital of a country splendid in mountain and sea, and center of a society that captured the attention of all the Americas when it turned from military dictatorship to political freedom eight years ago.

Now it is the scene of a different kind of test: whether a still-forming democratic system can survive pressures from within. The pressures are not guerrillas conspiring but the feuds and hatreds of the men elected and sworn to preserve the new experiment in government.

Why in the world should anybody in the United States, which has plenty of big foreign headaches, pay attention to a

ON MY MIND

country not known for much other than bananas, oil and the islands where Charles Darwin saw finches and lizards that inspired his theories of evolution? Darwin is important, but Ecuador?

There is one big reason why Latin American nations care a great deal. It commands considerable attention from the State Department and even engaged the White House, in the days before the White House's mind and soul were imprisoned by the Iran-hostage-Nicaragua fiasco. Ecuador was the first of 10 Latin American nations to move from military rule toward democracy. If it returns to military rule, that will make the future of every newborn Latin democracy considerably more dubious. Democracy is proving contagious. Latin militiam has the same history.

President Leon Febres Cordero is a zestful, passionate businessman who became president in a free election in 1984. He has a special fondness for good talk, the free enterprise system and the United States, where he studied at Stevens Institute of Technology in New Jersey. He is a kind of Lee Iacocca type, only with lots of hair and a mustache. He followed a policy of deregulation that Washington admired, supported U.S. policy on Nicaragua, fought the narcotics trade and terrorism and was Washington's favorite Latin American leader.

He has two problems. One is his temper and violence of rhetoric. The other, bigger, is that the opposition, which controls Congress, has leaders whose anger and tempers match his own.

Neither side is willing to play by the rules of the democratic social contract, which involve such things as balances, compromise and discussion.

When Congress appointed a Supreme Court not to the president's liking, he put up a police cordon to prevent the

justices from taking their seats. And when the president was kidnapped by rebel air force troops and forced at pistol point to release a maverick general, Congress met — to investigate the president's conduct, not that of the rebels, and to demand his resignation, not the imprisonment of the kidnappers.

These are not comic opera characters.

The president and the top opposition leaders are men of talent and imagination and there is no great ideological gap separating them. But their actions add up to a textbook case of feud and hatred overhanging national interests.

Last week a group of top businessmen

from the Americas, members of the Americas Society, met here under the chairmanship of David Rockefeller. The fact that the session was not canceled despite the unease caused by the president's kidnapping was a mark of support for the country.

And this is one of those cases where nobody has the United States to kick around. The State Department has been doing exactly what it should. It warned off the armed forces when they were

planning to oust the president's predecessor. It has made quite clear that it will not support any coup now whatever the excuse. And although the United States backs the president, the U.S. Embassy here deals openly and warmly with opposition leaders, too.

The armed forces already have suggested to the president that he lead a coup, and he has refused. But if the funding and paralysis continue, they will step in with or without him.

That will simply delight the far left, which believes that a Communist dictatorship will follow a right-wing dictatorship as the night the day. Then the U.S. public will pay attention because only Communists seem to be able to focus U.S. minds on Latin America.

There are people of good will in Quito and in other worried Latin American capitals trying to get the president and his opponents to talk and deal with each other. If they do, democracy in Ecuador may endure. If they do not, it will end, perhaps within months.

That will cause sadness and fear for many Latin Americans outside this lovely mountain capital. Nobody in South or Central America will ask who cares.

The New York Times



LETTERS TO THE EDITOR

Secondhand Smokers

The Tobacco Institute in the United States reportedly claims that 550 continuous hours of breathing secondhand smoke in an office would be required for nicotine exposure to be equivalent to the smoking of one cigarette. But while the nicotine gets to the smoker, the fumes get to everyone, damaging lungs, eyes and nasal passages. A lot of smokers light up, take a drag, place the cigarette in an ashtray and walk out, leaving others to breathe the smoke. Nothing can be done for nonsmokers without coercive rules and enforcement.

WILLIAM S. CRAIN.
Reichartshausen, West Germany.

Richard Perle Has His Uses

Regarding the opinion column "Perle's Diplomacy Isn't Diplomacy" (Feb. 11) by Edwin M. Yoder:

Mr. Yoder correctly points out that classical diplomacy is an art "whose methods and customs long preceded the rise of democracy." There is precisely this weakness and the need for a Richard Perle. Today, policy made west of Berlin is rarely conceived in the tranquility of a Hofburg palace or a Versailles.

Russian "public diplomacy" is aimed at the West, with the result that every Russian "peace initiative" is greeted by the democracies as a great opening, while the counterpart of Soviet military expansion and arms control violations is "diplomatically" watered down.

There are inter-allied differences that

should be treated through classical diplomacy. But when it comes to dealing with the Soviet Union, occasionally it is salutary to hear that the emperor (or in this case, the empire) has no clothes.

SCOTT SUNQUIST.
St. Denis, France.

West Germany's relations with East Germany are difficult enough without Richard Perle's and Lionel Bloom's kid-baiting (Letters, Jan. 2). Those relations are a superb guarantee of peace in Europe. West German credits for East Germany are accepted by its neighbors as a very useful partner in their development.

C. PIETERSE.
Secretary.
International Union of Students
Prague.

South Africa, Realistically

Anthony Lewis in "What Africa Demands Is Realism" (Jan. 27) claims that the overwhelming mood in the countries near South Africa is realism: They want economic support and food programs from the West, so that Pretoria cannot "take advantage of economic misery."

Mr. Lewis does not mention the realization that these same states show in their dealings with South Africa. Lesotho and South Africa recently signed a huge contract for the joint Highlands Water Scheme backed by international financing. South Africa, Botswana, Lesotho and Swaziland closely cooperate in a customs union, while Zimbabwe has a preferential trade agreement with South Africa. There are regional agreements on agriculture, transport, health, employment, credit guarantees and security. Last month a Tanzanian construc-

tion worker was the latest person to receive urgent medical treatment in Johannesburg at the request of the Botswana government. And Zimbabwe, while calling for sanctions, requested and received 34,000 tons of oil from South Africa to cover a fuel shortage.

Black Africa's trade with South Africa increases by leaps and bounds every year. It seems that beyond the ideological and political ties, South Africa is accepted by its neighbors as a very useful partner in their development.

GASTON GRISONI.

Secretary.
International Union of Students
Prague.

An Old Nuclear Argument

Regarding the Postcard essay "Year of the Cynical Toy" (Feb. 11):

BRIAN BULL says, "If the six billion Legos bricks produced each year were strapped together, they would stretch around the earth almost five times." I keep some on my desk, and the thickness of a block is one centimeter. Unable to find six billion of them, I have had to fall back on theoretical considerations to arrive at a span of 60,000 kilometers, a mere one and a half laps around the world.

Standard eight-peg blocks, laid end to end, would reach 4.8 times around the world. But Mr. Bull did not say end to end. He said strapped together. I hate to think how many people may go through life believing the five-times-around claim just because they read it in the Trib. Some may calculate the earth's circumference at 12,000 kilometers!

A.J. McEVoy.
Lausanne, Switzerland.

Student organizations from more than 100 countries, grouped within our

International Union of Students, join with those who are profoundly disturbed by the recent U.S. test.

U.S. insensitivity to worldwide problems is astonishing and horrific. No experts are needed to detect what is demanded, or to prove that nuclear explosions will not enhance "security."

There can be no unilateral security in this interdependent world, overloaded as it is with genocidal weapons.

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Secretary.
International Union of Students
Prague.

Misinformation All Around

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GERALD E. DIXON.

Prangina, Switzerland.

General News

Scalia Seeks to Rid U.S. Judiciary of Routine Cases

By Stuart Taylor Jr.

New York Times Service

NEW ORLEANS — Justice Antonin Scalia of the U.S. Supreme Court has called for a major overhaul of the federal judiciary, saying it was being transformed from an "elite" into a vast bureaucracy by a flood of routine cases.

He urged relegating large categories of cases like routine Social Security disability claims and Freedom of Information Act suits to specialized tribunals. This would reverse what he termed the "continuing deterioration" in the prestige of the federal district and appellate courts and the quality of the lawyers interested in serving on them.

The time is well past due" for action if "a system of elite federal courts" is to be retained, Justice Scalia said at the American Bar Association's annual convention here Sunday.

In his first major speech since he joined the Supreme Court in September, the 50-year-old said the framers of the Constitution saw a federal judiciary as a "natural aristocracy," their words, of ability rather than wealth.

He said it was inevitable that federal district and appellate courts would stop attracting "the cream of the profession" unless action was "to limit their caseloads and their need to de-routine personal injury and employment suits and other cases they consider 'trivial.'"

While bar association leaders said they could carefully consider the justice's suggestion

some lawyers here quickly rejected them. The suggestions are likely to be controversial among civil libertarians and others concerned about the availability of the federal courts to ordinary people.

Justice Scalia's concerns are shared by many federal judges, and in some respects they resemble complaints voiced over the years by Warren E. Burger, the retired chief justice.

But the new justice's speech had a greater tone of urgency, and his call for relegating many cases to lesser, specialized tribunals went far beyond anything the former chief justice has said.

Justice Scalia said that when he graduated from Harvard Law School, he had aspired to become a federal judge because federal courts were "forums for the big case."

In those courts, he said, "an elite group of practitioners" argued before judges viewed as "great minds."

Now, he suggested, if "the best and the brightest" still aspire to be federal judges, it may be because of an outdated notion of what it entails.

"As the image catches up with the modern reality," he said, "the attractiveness of the job will disappear."

Since 1960, he said, the federal courts have been transformed by an explosion of federal rights on which lawsuits could be based.

He said that since 1960 the number of federal

suits filed each year has more than quadrupled, from 58,000 to more than 250,000, and the number of appeals has multiplied ninefold, from 3,900 to 35,000.

While the number of federal district and appellate judges has increased from fewer than 300 in 1960 to more than 700 now, he said, the increase has not been enough to keep pace with the caseload. A federal district judge now has nearly twice as many new cases to handle each year as in 1960 and appellate judges have nearly four times as many, he said.

Appointing more district and appellate judges to handle the growing caseload is no solution to the problem, Justice Scalia said, because it only dilutes the prestige of the office and "aggravates the problem of image."

He also said the problems would not be solved by other changes debated in recent years, such as eliminating the jurisdiction of federal courts over state-law suits between citizens of different states or creating a new court to hear some appeals from the 12 regional appellate courts.

While such a court would lighten the Supreme Court's caseload, he said, it would only exacerbate the loss of prestige of the federal district and appeals courts, pushing them one step down the ladder.

Using specialized courts to handle routine disputes, he said, would free district and appellate courts to handle more important cases.

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TUESDAY, FEBRUARY 17, 1987

INTERNATIONAL STOCK MARKETS

Untying the Bourse Strings Depends on Paris Brokers

By JACQUES NEHER
International Herald Tribune

PARIS — The "Big Bang" of deregulation on London's stock market last fall has jolted other European financial centers to reassess the roles they hope to play in the evolving global money game. Nowhere, perhaps, is this more apparent than in France, where officials of the Paris Bourse and the Finance Ministry are trying to position the booming Bourse as Continental Europe's main financial clearing house. But outsiders say that won't be an easy task, especially if the French do not move quickly to open their market to banks and foreign brokerage houses, thereby surrendering the monopoly Paris brokers have over the Bourse.

At a recent business conference in Paris, officials described dramatic changes at the Bourse in the past few years and sketched an ambitious plan to put Paris on equal footing with markets in London, New York and Tokyo.

Already, the Paris Bourse, benefiting from a surge of domestic interest, is one of the hottest markets in the world, at least in terms of percentages. Buoyed by the conservatives' victory in elections last March and subsequent economic and financial changes, the Bourse CAC index in 1986 soared 49.7 percent to 397.8. That followed rises of 56 percent in 1983, 16.5 percent in 1984 and 45 percent in 1985.

Since the beginning of 1987, the CAC index has continued to rise, peaking at almost 426 late in January. On Monday, it closed at 417.7, down slightly from 419.2 last Friday.

The market's total capitalization is valued at around \$160 billion, sixth in the world.

"The Big Bang has diverted attention away from what's been happening around other European stock exchanges, particularly in Paris," said Daniel Lebègue, the French Treasury director. "France would like to be the leading financial market in Europe, with round-the-clock, round-the-world transactions."

But how and when this might happen, no one can say. Indeed, it's the government's policy to follow a step-by-step approach to modernizing the Bourse. "We're being pragmatic and cautious," Mr. Lebègue said. "Instead of one big bang, we're making a succession of mini-bangs."

XAVIER Dupont, president of the Paris Stockbrokers Association and a partner in the Dupont-Derancourt brokerage house, added: "We're an old center with our own traditions. By making a gradual progression, we can move forward without creating total upheaval."

The changes, some of which began 10 years ago under the then-conservative government but were accelerated by the Socialists in the early 1980s, include:

- The creation of a *second marché*, or unlisted market, for small and medium French companies. This has proven successful, and includes about 160 stocks, 50 of them added last year alone.

- The development of a market for mutual funds, called SICAVs. The number of funds quoted on the SICAV market has almost quadrupled in the past five years to nearly 500.

- The debut, one year ago, of a futures market known as the MATIF. The first MATIF offering, a long-term government bond, has been very successful. Last October, the volume of activity surpassed that of the London exchange's gilt contract, with more than 325,000 contracts traded.

- Introduction last year of a morning trading session for the 30 most active stocks, which supplements the regular two-hour afternoon session.

- Phase-in of a computer system to allow continuous quota-

See BOURSE, Page 9

Market seeks a leading role on Continent, but keeps doors closed to foreign traders.

Ericsson Profits Rise 3.6%

Sales Slip 2.4%; U.S. Unit Suffers

By Juris Kaza

Special to the Herald Tribune

STOCKHOLM — L.M. Ericsson, the Swedish telecommunications and data processing group, said Monday that its pretax profit edged up 3.6 percent last year, to 910 million kronor (\$139 million), from 878 million kronor in 1985.

Sales, however, slipped 2.4 percent to 31.7 billion kronor from 32.5 billion kronor in 1985, Ericsson said. Profit per share came to 15 kronor compared with 13 kronor in 1985. All figures are provisional.

The company said that results were hurt by heavy development costs for telecommunications operations in the United States and by the instability of the Mexican peso.

The group also was charged with the full operating loss from its American subsidiary, Ericsson Inc., where the parent bought out Atlantic Richfield Co.'s 50 percent share.

Ericsson did not say how large the loss was in 1986, but in 1985, its share of losses from the joint venture was 349 million kronor.

All other subsidiaries had operating profits except Ericsson Information Systems, the company said. But even at EIS, the losses narrowed substantially from 1985, when the loss totaled 806 million kronor.

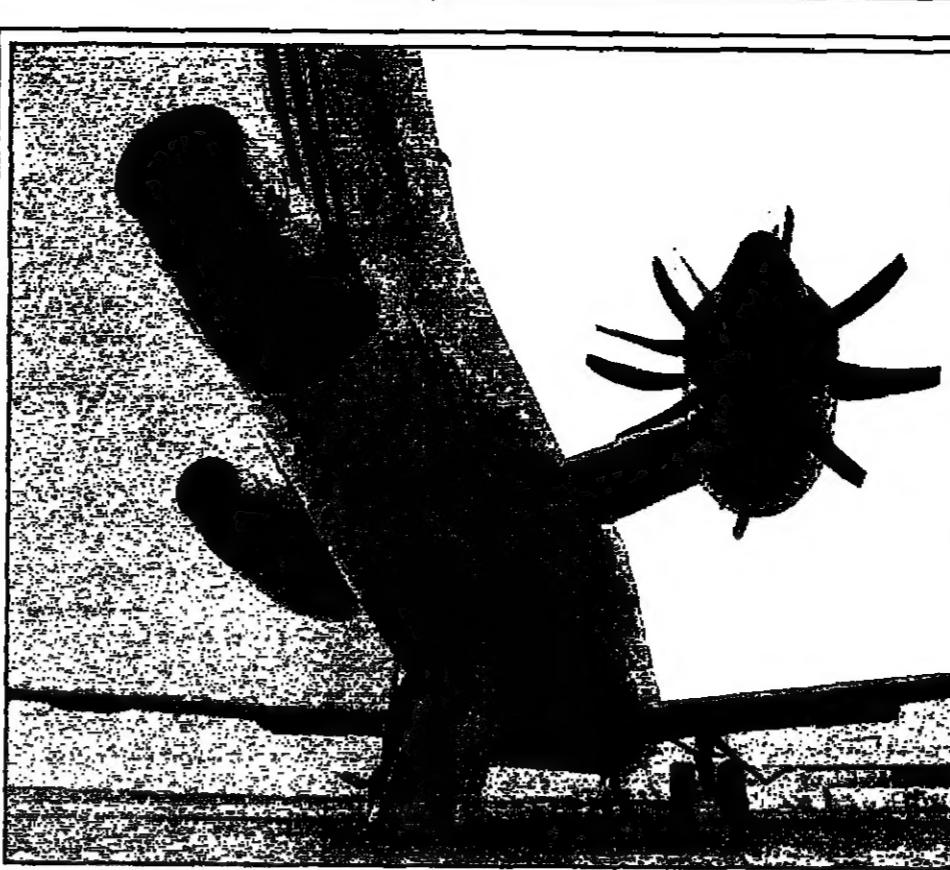
The company added that earnings included about 380 million kronor in capital gains and other nonrecurring income, compared with 333 million kronor in 1985. Ericsson did not publish four-quarter figures, but stated in a preliminary report that "the gradual improvement in income has continued in the fourth quarter, which was better than the corresponding period a year earlier."

Through the first nine months of the year, the company's pretax profit was 368 million kronor, down 32.8 percent from the corresponding period of 1985. According to that figure, pretax profit in the final three months was about 542 million kronor, but that includes the one-time gains.

"It is gratifying to note the positive trend in operating earnings during the latter six months of the year," Bjorn Svedberg, the company's president, said.

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See ERICSSON, Page 8



Douglas C. Fawcett/The Associated Press

Propellers Coming 'Round Again

Jet-Engine Builders Look Back for Efficiency, Profits

By Martha M. Hamilton
Washington Post Service

WASHINGTON — The aircraft engine of the future has propellers on it — again.

The newest jet engines under development have returned to their roots, updating the old-fashioned propeller with new materials and technology to produce a thinner blade with a more aerodynamically efficient shape.

The new twist makes propeller engines more powerful and up to 40 percent more fuel-efficient than the engines that replaced them in the 1960s, their developers say.

Several companies and consortiums, backed by aircraft makers such as Boeing Co. and McDonnell Douglas Corp., are working to perfect propeller engines, hoping to profit from the immense cost savings the engines would mean for airlines.

General Electric Co. has the edge over such competitors as Pratt & Whitney and Rolls-Royce, at least for the moment. GE's Aircraft Engine Business Group has tested its new engine 22 times over the Mojave Desert.

in California in a modified Boeing 727 and will soon test it on a McDonnell Douglas MD-80. No other company has reached the test-flight stage.

GE's engine, which will cost

NASA's response was, "Why the hell would anyone go back to propellers?"

about \$1.2 billion to develop, represents a high-stakes gamble for the company, which hopes to get the jump on competitors and make it standard on passenger airplanes of the next decade. The company hopes to have the engine, which it calls the Unducted Fan or UDF, in service by 1992, and Boeing considers it the leading contender to power the 777 aircraft now under development.

GE began development five years ago, when fuel prices were at their peak and carriers were searching for ways to cut costs. The company has not been deterred by the plunge in oil prices because executives there say they believe the potential savings are great enough — 20 to 40 percent — to encourage sales even if oil prices do not rise markedly.

These numbers will prove irresistible, GE executives believe, even though the new engines will cost more than ones now in use.

In contrast, "A 5 to 10 percent fuel savings doesn't save enough over even 15 years" to make it worthwhile for airlines, said Bruce J. Gordon, general manager of the UDF program for GE.

Propeller-driven aircraft were chased from the skies during the 1960s, by larger and more comfortable jets that flew faster and higher.

The idea to return to propellers arose "back in 1981 or 1982," said Brian Rowe, who heads GE's engine business. "We were having a meeting and started talking about what we could do. Because of material changes

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CURRENCY MARKETS

Dollar Slips in Lackluster Trading

Reuters

LONDON — The dollar slipped Monday in uninspired European trading, and dealers said they expected it to continue to be relatively placid in the next several days. They said the U.S. currency would probably trade in a narrow range until Thursday, when revised fourth-quarter figures are released on U.S. gross national product and the U.S. Federal Reserve chairman, Paul A. Volcker, is scheduled to make an important speech.

Trading was quiet for most of Monday because of a market holiday in the United States. The only excitement came early in the morning on a statement by the U.S. Treasury secretary, James A. Baker 3d, that the dollar was still under control.

Dealers said the dollar fell to a midmorning low of 1.8026 Deutsche marks, about 2.5 pennies from Friday's London close, as news of Mr. Baker's comments spread.

Some concluded that Mr. Baker was in essence expressing support for a further fall in the dollar.

But the dollar reversed course, rising steadily throughout the day to recover most of its losses. One dealer reported a large order in the afternoon that may have helped the dollar, but most said trading was uneventful.

In London, the dollar closed at 1.8178 DM, down from 1.8285 on Friday; at 153.55 yen, down from 153.58; at 1.5376 Swiss francs, down from 1.5460, and at 6.0550 French francs, down from 6.0850.

London Dollar Rates

Source: Reuters

The British pound also firmed, to \$1.5208 from \$1.5195.

The dollar spent most of the day consolidating and we expect it

to keep range-trading or move

down slightly until Thursday," said one dealer at a British bank.

U.S. fourth-quarter GNP, due that day, is expected to be revised upward to about a 2.4 percent annual growth rate from preliminary estimates of 1.7 percent. Any figure much different from 1.7 percent is likely to have a big effect on trading, dealers said.

They also expected Mr. Volcker's testimony on Thursday to give the market further direction.

Mr. Volcker's views about the dollar tend to be quite different from Mr. Baker's, one dealer noted, adding that Mr. Volcker's comments often put upward pressure on the dollar. Mr. Volcker has repeatedly said that the dollar has fallen far enough and that a further decline would rekindle inflation.

In earlier European trading, the dollar was fixed in Frankfurt at 1.8175 DM, down from 1.8341 on Friday, and at 6.0420 French francs in Paris, down from 6.1090.

In Zurich, the dollar closed at 1.5353 Swiss francs, down from 1.5488 on Monday.

Dealers said British economic indicators released Monday had no immediate effect on sterling, though the pound did weaken against most other currencies.

British retail sales fell a provisional 2.6 percent in January, while unit wage costs in manufacturing rose 4.2 percent in the year to December, and industrial production fell 0.6 percent in December.

In London, the pound slipped to 2.7705 DM from 2.7810 on Friday.

BOURSE: Trying to Open Up

(Continued from first finance page)

ations. Six to eight stocks are being added each month, and officials expect continuous quoting on 100 stocks by year-end.

• And looking to May or June, Mr. Dupont anticipates the introduction of an options market, to start with trading on six major French companies, still to be named.

Despite this list of achievements, critics warn that the Paris Bourse will never fulfill its aspirations unless officials agree to break the cartel that Paris brokers have in stock trading.

At the Bourse conference, many questions were raised by London brokers and analysts in attendance as to when foreigners would be allowed into the Paris Bourse. One noted that, already, there is substantial trading in French shares in London.

Mr. Dupont, however, said that there is no plan at this time to allow foreign members to enter the Paris market.

In a sense, the French brokers are facing the same situation as other French institutions: They are seeking to become strong internationally without losing their independence in the process.

"Paris brokers have a choice," said Nadir Latif, of Barclays de Zoete Wedd in London. "They can open their doors and perhaps get locked, or they can keep the doors locked and lose the race."

He said brokerages in Paris, many just one-man or two-man operations, "are terribly undercapitalized and desperately in need of capital, especially if they are going to get into trading of large blocks of stock."

Roger Hornet, a partner in the London brokerage of James Capel & Co., also warned his French colleagues: "It's about time you opened up your markets if you want to save it. Let London and New York come in."

Mr. Hornet was critical of what he called a small-town operating mentality at the Bourse. "Let's have a market where you meet and deal," he said. "Now you just meet and have lunch."

Mr. Hornet predicted the CAC would rise another 25 percent to 30 percent. He based that prediction on the assumption that corporate profits in France could grow by 40 percent or more.

Another factor fueling the market, brokers said, is the government's denationalization program. In the first two public sales of Cie de Saint-Gobain in December and Paris, the investment bank, in January, the offerings were highly oversubscribed as more than 1 million French citizens bought stock for the first time.

Volcker Is Said to Chafe At 2d Billing in Hearings

By Robert D. Hershey Jr.

New York Times Service

WASHINGTON — Ever since 1978, when the Full Employment and Balanced Growth Act first required the Federal Reserve to present semiannual reports of its monetary policy goals to Congress, the Fed's chairman has had a near monopoly on members' attention. But this time around, things will be different, much to the annoyance of Paul A. Volcker.

The Fed chairman is to appear on the second day of the Senate Banking Committee's hearings, Thursday, instead of as the leadoff witness, as has always been the practice.

A panel of private economists will assess the economy and monetary policy on Wednesday, the hearing's first day. The same reversal of positions will occur before the House Banking Committee next week.

The private panelists scheduled on Wednesday are Stephen H. Axilrod, now with Nikko Securities Co. International and formerly a top Fed staffer; Paul Craig Roberts, a supply-sider and former Reagan administration Treasury official, and two monetarists, H. Erich Heinemann of Ladenburg, Thalmann & Co. and Allan H. Meltzer, a professor of economics at Carnegie-Mellon University.

Mr. Volcker maintains that the document cannot be properly understood apart from his oral testimony, which he regards as an integral part of the central bank's presentation.

The private panelists are facing the same situation as other French institutions: They are seeking to become strong internationally without losing their independence in the process.

"Paris brokers have a choice,"

said Nadir Latif, of Barclays de Zoete Wedd in London. "They can open their doors and perhaps get locked, or they can keep the doors locked and lose the race."

He said brokerages in Paris, many just one-man or two-man operations, "are terribly undercapitalized and desperately in need of capital, especially if they are going to get into trading of large blocks of stock."

Roger Hornet, a partner in the London brokerage of James Capel & Co., also warned his French colleagues: "It's about time you opened up your markets if you want to save it. Let London and New York come in."

Mr. Hornet was critical of what he called a small-town operating mentality at the Bourse. "Let's have a market where you meet and deal," he said. "Now you just meet and have lunch."

Mr. Hornet predicted the CAC would rise another 25 percent to 30 percent. He based that prediction on the assumption that corporate profits in France could grow by 40 percent or more.

Another factor fueling the market, brokers said, is the government's denationalization program. In the first two public sales of Cie de Saint-Gobain in December and Paris, the investment bank, in January, the offerings were highly oversubscribed as more than 1 million French citizens bought stock for the first time.

Paul A. Volcker

Photo: AP Wirephoto

Chemical Bank Home Loans

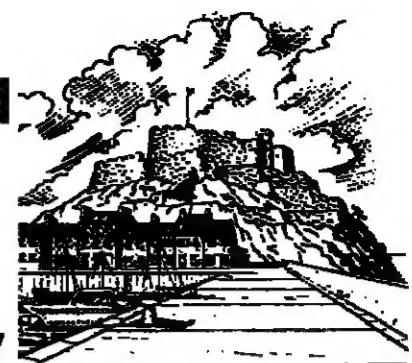
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ROYAL TRUST

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Referring to its advertisement in this paper of 22nd February, 1987 the undersigned聲明 that the following new CDR The Nomura Securities Co., Ltd. began operation on 22nd February, 1987.

The five-year issue was guaranteed by Fuji Bank Ltd., pays 7.4% percent and was priced at 101/4%. The lead manager was M. G. M. M. LTD. INVESTMENT ADVISERS.

Mr. Volcker finally persuaded Senator William Proxmire of Wisconsin, the Democrat who is the committee's chairman, to back down.

The chairman, however, is known to have become "quite upset," according to a congressional source, about a related committee proposal to release the printed version of the Fed's report a week or so in advance of his testimony. Mr. Volcker was instrumental in persuading Senator William Proxmire of Wisconsin, the Democrat who is the committee's chairman, to back down.

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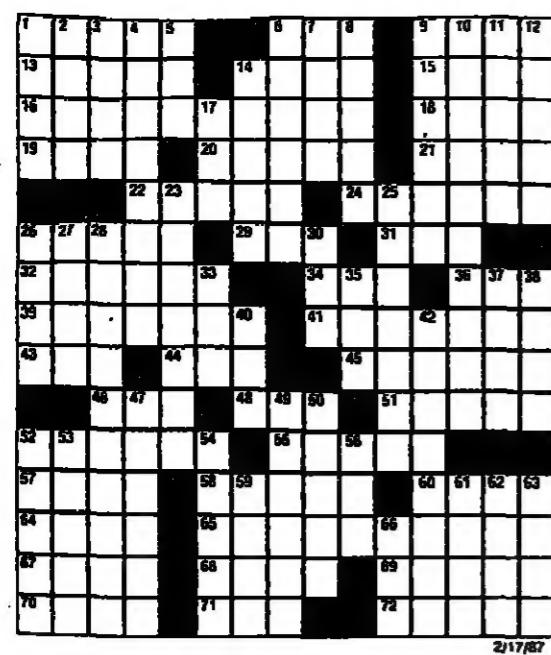
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PEANUTS



BOOKS

MOST LIKELY TO SUCCEED: Six Women From Harvard and What Became of Them

By Fran Schumer. 297 pages. \$17.95. Random House, 201 East 50th Street, New York, N.Y. 10022.

Reviewed by Michiko Kakutani

THE operating principle of this book is similar to that of "The Group" by Mary McCarthy — and the many Kona Jaffa-Alce Adams, etc. imitations of that chronic novel that have appeared in recent years. This is, take a group of girls and follow their lives as they leave college and enter the world of marriage and careers.

In Fran Schumer's book the events depicted happened in real life. Well — sort of. As it turns out, "The individuals depicted in the following pages are composite figures, based on my observation of many friends and acquaintances in college and elsewhere, across a number of years. . . . My aim is not to offer a series of stories whose heart and soul are true."

This approach has several flaws. For one

thing, the book lacks the organic unity of a good novel and the narrative — larded with dates and run-of-the-mill quotations — lacks the fully imagined density of real fiction.

To begin with, there are Tess and Eleanor, both of whom get married and become pediatricians. At Radcliffe, Tess is a strict, no-nonsense roommate — "narrow, provincial, almost a human machine." As a doctor, practicing medicine in Westport, Connecticut, she is similarly intense and businesslike — fitting job, husband and child into a neat, efficient routine. "I thought to myself," she tells the author, "there's not another thing I want. Life could stay exactly this way and I'd be content."

Eleanor, too, is one of those "superwomen," supporting her artist-husband and child with her pediatric practice. As a student, writes Schumer, "she was neither clever nor miserable, though she felt pressure to be both."

Daisy, who parlays her work at the Harvard Crimson into a dazzling career as a photojournalist, bounces from one bad love affair to another. She finds herself at 30, longing for "a husband, a house and a job I care about, but one that doesn't consume me." In contrast, Paige — a brittle Radcliffe student given to making cynical, caustic remarks — ends up with a husband, but no career.

As for the inappropriately named Felicity, she succumbs to the pressures of "the fear of success and the worse fear of not having it." She trades her tennis skills and debutante manners for highbrow intellectual pursuits and outrageous sexual posturing. Anorexia and erratic work habits attest to a growing desperation; and in 1976, two years after graduation, she connects a hose to her car's exhaust pipe and kills herself.

The autobiographical passages in this book — devoted to Schumer's family, boyfriends and anomalies — have a pleasing directness, and they testify to her ability to write about herself not only with honesty, but also with humor and understanding. That volume doesn't do full justice to Schumer's talents or to her classmate's lives.

Michiko Kakutani is on the staff of The New York Times.

BLONDIE



BEETLE BAILEY



Solution to Previous Puzzle

B	E	B	S	M	A	R	S	H	W	O	L	F
L	E	A	P	I	D	A	F	A	P	A	R	
E	S	A	E	D	N	E	I	N	T	T	U	B
C	L	I	N	G	G	V	I	N	E	S		
T	A	C	K	Y	Y	I	N	E	S			
S	P	A	S	M	R	O	L	L	E			
I	S	A	H	O	O	R	R	L	O			
S	H	R	I	N	K	I	N	G	V			
L	A	U	D	E	P	O	E	L	O			
A	U	D	E	R	E	L	E	S				
B	E	G	E	R	E	T	E	S				
G	E	E	R	E	R	E	E	S				
E	R	E	R	E	R	E	E	S				

2/17/87

ANDY CAPP



WIZARD OF ID



CHESS

By Robert Byrne

16. . . P-N5!; 17 PxP (17 P-B4

permits 17. . . P-N6.)

The exchanges with 20. . . N-N1; 21 BxBch, KB2; 22 QxN cut down Black's immediate chances for attack but also left White with a QB badly blocked by its own pawns. Benjamin moved swiftly with 22. . . RxP; 23 Q-K2, P-K4 to make sure the white position remained buttoned down.

He answered 24. Q-B3ch by 24. . . K-R5! in place of 24. . . K-R2, which might let White get counterplay by 25 Q-B6, N-B3; 26 QxP, but now, after 26. . . R-N3; 27 Q-N4, and N-K3, black had an iron grip on the light squares.

Benjamin's 32. . . Q-B3! threatened 33. . . N-N4! and virtually forced Rohde's 33 P-Q5.

Rohde did manage to transport his rook to the defense with 36 R-Q4, and even to exchange it with 37 RxR, P-R. However, bad-bishop positions are notorious for not benefiting from simplification, and that was true here.

After 38 Q-Q4, it was vital for Benjamin to prevent the opening of the QR file with 15. . . P-R4. In the struggle for the quicker mating attack, he was the first to open a file, with 16. . . K-R3! it would have been a blunder to capture with 49 BxP? because 49. . . QxP! wins a pawn.

After 48. . . K-R3, Rohde had leveled the material, but Benjamin's powerful passed QP and its superior piece placement gave him a won game.

It would not have been useful to try 67 Q-B8ch, K-B2; 68 Q-K7ch, K-N3; 69 Q-K6ch, K-R4 because there is no perpetual check.

After 67 Q-B3, P-Q7, Benjamin promotes a pawn by force (68 Q-Q1, Q-K6ch; 69 Q-N2, Q-K8). So Rohde gave up.

really sacrificing anything because 42 KxN? lets Black queen a pawn after 42. . . P-R7.)

After 44. . . NxP, Benjamin was ahead in material for the first time in the game, although the white bishop was finally playing. The rest of the game was a matter of ending technique.

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INDO-INDIAN DEFENSE

CABIS

Driven by a little old lady once a month

2/11

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FENTO

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

2/11

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MEEDER

WHAT IT

Answer here: WHAT IT

2/11

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BRUBUS

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MIDDLE EAST

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SPORTS

With Key Free Agents Unsigned, Baseball Faces an Overcast Spring

By Murray Chass
New York Times Service

NEW YORK — Baseball's uncertain spring starts Friday, when half of the 26 major-league teams will hold their first parades for pitchers and catchers.

All springs are uncertain; most teams look for comebacks from players who had sub-par seasons the year before, hope that men who underwent off-season surgery are ready to play and scuttle rookies who could fill holes in their lineup.

But this spring will be more uncertain than most because a squad of highly talented players remain unsigned and unattached. A team entering spring training with only a glimmer of hope of being a contender could enhance its status and perhaps instantly transform itself into a legitimate threat by signing one or a few of these free agents.

Tim Raines, the 1986 National League batting champion and a premier base stealer, could serve as the catalyst for a team looking for a way to the top of its division. Lance Parrish could solve some

team's catching problem, deftly handling its pitchers and producing runs in bunches. Pitcher Ron Guidry could provide a team with a solid starter — and might continue his sequence of turning in a 20-victory season following a below-500 performance.

Andre Dawson, Bob Horner, Rich Gedman, Bob Boone and Doyle Alexander, other members of the Unsigned Eight, also could fill talent gaps and make an impact on the division races.

"Any one of those players could change the complexion of a team," said Tony Siegle, a Philadelphia Phile vice president. "A lot of people, for example, feel Parrish could propel us into the Mets' category." But the Phile have not signed Parrish because they are concerned (unnecessarily, insist the player and his agent) about his back. If Parrish doesn't catch Philadelphia's pitchers, who will? Don't push the Phile for an answer: they don't have one right now.

No one has signed the other top-notch free agents either, and they will watch

the beginning of spring training wondering where they'll be when the season opens seven weeks from now.

The New York Mets, eager to become the first team in nine years to repeat as World Series champions, wonder where they will be when the season ends. No team has won successive titles since the 1963 New York Yankees.

The St. Louis Cardinals, riddled with injuries, failed to repeat as pennant winners last year. Their chances of returning to the top could depend on how well first baseman Jack Clark comes back from the thumb surgery that ended his season before the All-Star break, and on how soon center fielder Willie McGee, the 1985 league batting champion and most valuable player, can play all-out on his surgical left knee.

Hubie Brooks, like Clark, is back from thumb surgery that interrupted a potential MVP season, but the Montreal Expos, shown of two-thirds of their outfit in Raines and Dawson, will spend the spring

trying to figure out how to be respectable while losing multitudes of games.

The Houston Astros, who nearly stole the pennant from the Mets, will pay special attention to the right elbow of Nolan Ryan, who rejected suggestions of

surgeons.

Pete Rose will gather his flock of talented youngsters, led by Eric Davis, and try to send Cincinnati leaping past the Astros. Rose will be most concerned with the comeback of Mario Soto, his No. 1 pitcher, who had elbow surgery last season.

Tom Seaver and Steve Carlton, who between them have pitched 42 years with 634 victories, don't have the luxury of deciding their playing futures. Neither one has a job; Seaver rejected Boston's contract offer in December, and Carlton, who was released by three teams last season, has failed to interest anyone in signing him.

The Atlanta Braves will sweat under the Florida sun wondering how much

weaker their offense will be without Horner. They already know their bullpen could be weak without Bruce Sutter, who won't pitch this season following his third shoulder operation.

A myriad of Los Angeles Dodgers, on the other hand, will play this spring to show how well they have recovered from injuries. Power hitter Pedro Guerrero played late last year after recuperating from a devastating knee injury suffered in the final spring-training game, but the Dodgers still want to see how strong he is. Among others, the middle infielders are returning from surgery. Steve Sax on his right heel and Mariano Duncan on his left knee.

The Dodgers' American League medical counterpart is the champion Boston Red Sox. The Mets shattered their psyche in the World Series, and then the orthopedic surgeons brought out their scalpel. Among the surgery cases: First baseman Bill Buckner (right foot), pitcher Bob Stanley (left knee) and outfielder Dave Henderson (right knee).

Detroit and Boston will be looking for catchers to replace Parrish and Gedman, respectively, while the Tigers also will continue to try to re-sign Darrell Evans. Between them, Parrish (in only 91 games) and Evans hit 51 home runs and drove in 147 runs.

Cleveland, the only American League East team that hasn't won the division championship in the past six years, will try to form a competitive pitching staff (especially the bullpen), while Rick Dempsey, signed as a free agent, will put in extra work catching the knuckleball of Phil Niekro and Tom Candiotti.

The Chicago teams will accept any kind of pitches from their wealthy stars, as long as they're more effective than last year. Rick Sutcliffe, Dennis Eckersley and Steve Trout of the Cubs and Floyd Bannister, Richard Dotson and Neil Allen of the White Sox will earn a total of \$6,738,333 this year. Last year they had a combined 42-65 record.

If Ryan's elbow is important to the

Astros, the right elbow of Dave Stieb will be downright critical to the Toronto Blue Jays, who can't compete for the American League East title without a sound Stieb. And the Kansas City Royals will be concerned with a shoulder — George Brett's. It was operated on in November, and the Royals will go nowhere without Brett.

Nor will they without Steve Balboni, the run-producing first baseman they are trying to re-sign, or Bret Saberhagen, their 1985 Cy Young award winner who was their 1986 flop. The team also has to find out whether Dan Quisenberry can regain the submarine touch that for six seasons made him the best relief pitcher in the league.

The most glaring attention, though, will be on Bo Jackson, the Heisman Trophy winner, who will try to win a job in the Kansas City outfield.

Many observers believe he isn't ready, but the Royals can hope, can't they? That is, after all, what spring is all about.

Notre Dame Upsets Duke

United Press International

SOUTH BEND, Indiana — By playing well on three successive Sundays, Notre Dame may have ensured that on Sunday, March 8, it will receive a bid to the National

COLLEGE BASKETBALL

Collegiate Athletic Association basketball tournament.

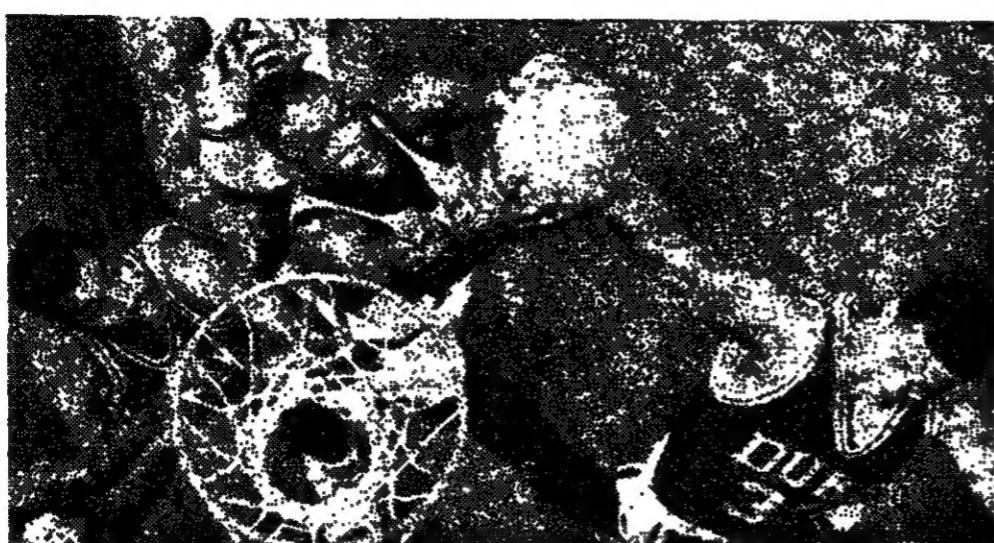
Notre Dame topped No. 15 Duke, 70-66, in overtime here Sunday, the second straight week that the Fighting Irish have defeated a ranked team.

On Feb. 1, Notre Dame beat then-top-rated North Carolina, and a week later lost narrowly to No. 17 Kansas.

"It was tomorrow, we could play," said Coach Digger of the NCAA tournament. "We've proved we can play against the best."

Notre Dame converted 26 of 30 free throws, while Duke attempted only 15 foul shots, making 9. "They hit free throws, we got the foul and put down some excellent shots," said Mike Krzyzewski, the losing coach. "It was disappointing, but they deserve recognition."

Two freshmen, guard Joe Fredrick and center Scott Paddock, combined for six overtime points to lead the Irish, who improved to 14-7. After Duke (20-5) opened the



Donald Royal, outmuscling Duke's John Smith (33) for a rebound in Notre Dame's 70-66 victory.

overtime scoring on a Billy King basket, Fredrick responded with a 17-foot jumper. Fredrick put Notre Dame ahead with a pair of free throws with 1:04 left.

The Blue Devils tied the score before Donald Royal sank two foul shots to put Notre Dame up, 68-66. Duke's John Smith had a chance to tie the score with four seconds left, but missed the front end of a one-and-one opportunity.

Paddock picked off the errant shot's rebound, was fouled and two free throws to cap the score.

"The freshmen won the game for us," said Phelps. "I had a feeling all

week that Joe Fredrick was going to be the guy to come off the bench and score."

Smith scored 19 points and Quinn Snyder added 14 for Duke. Scott Hicks led Notre Dame with 19.

No. 22 North Carolina, 23, Marquette, 24; Pacific-10 Conference, 25.

CONFERENCE ALL-GAMES

Washington, 6; L. Pct., W. L. Pct.

Massachusetts, 6; L. Pct., W. L. Pct.

Rutgers, 3; 11, 7; 26, 17, 31.

St. Bonaventure, 3; 12, 26, 5; 19, 29.

Big Eight Conference, 26.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

Michigan State, 6; 13, 21, 27, 33.

Michigan, 6; 13, 21, 27, 33.

Illinois, 6; 13, 21, 27, 33.

Wisconsin, 6; 13, 21, 27, 33.

Minnesota, 6; 13, 21, 27, 33.

Northwestern, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

Washington, 6; 13, 21, 27, 33.

Oregon, 6; 13, 21, 27, 33.

Stanford, 6; 13, 21, 27, 33.

Washington State, 6; 13, 21, 27, 33.

Arizona St., 6; 13, 21, 27, 33.

Arkansas, 6; 13, 21, 27, 33.

Colorado, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

UCLA, 6; 13, 21, 27, 33.

UCLA, 6; 13, 21, 27, 33.

UCLA, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

UCLA, 6; 13, 21, 27, 33.

UCLA, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

UCLA, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

UCLA, 6; 13, 21, 27, 33.

CONFERENCE ALL-GAMES

W. L. Pct., W. L. Pct.

